

**REPORT
ON THE AUDIT OF
MEDI-CAL RATE DEVELOPMENT WORKSHEETS**

**FOUNTAIN VALLEY REGIONAL MEDICAL CENTER
FOUNTAIN VALLEY, CALIFORNIA
PROVIDER NUMBER: ZZT 30570F
NATIONAL PROVIDER IDENTIFIER: 1821002007**

**FISCAL PERIOD ENDED
DECEMBER 31, 2007**

**Audits Section – Santa Ana
Financial Audits Branch
Audits and Investigations
Department of Health Care Services**

**Section Chief: Margaret A. Varho
Audit Supervisor: Felipe Avila
Auditor: Anita Kar and Leslie Griffin**



DAVID MAXWELL-JOLLY
Director

State of California—Health and Human Services Agency
Department of Health Care Services



ARNOLD SCHWARZENEGGER
Governor

Date: August 18, 2010

Craig Armin, Vice President
Government Programs
Tenet Healthcare Corporation
1445 Ross Avenue, Suite 1400
Dallas, TX 75202-2703

PROVIDER: FOUNTAIN VALLEY REGIONAL MEDICAL CENTER
PROVIDER NO. ZZT 30570F
FISCAL PERIOD ENDED DECEMBER 31, 2007

We have examined the Rate Development Branch Schedules for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code. The data for the schedules was obtained from provider records during a field audit.

In our opinion, the audited data presented in the Rate Development Branch Schedules represents a proper determination of audited cost, patient days, and direct labor cost in accordance with applicable programs.

This audit report includes the:

1. Rate Development Branch Schedules
2. Audit Adjustments Schedule

The results of this examination may be used to determine the Medi-Cal Peer Grouping Inpatient Reimbursement Limitation (PIRL) rate calculations. This will be determined by the Department's Rate Development Branch pursuant to California Code of Regulations (CCR), Title 22, Sections 51545 through 51556. These regulations may be viewed at www.oal.ca.gov.

Craig Armin
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If you disagree with the decision of the Department, you may appeal by writing to:

Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
Sacramento, CA 95814-2878
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
PO Box 997413
Sacramento, CA 95899-7413

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814-5005
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Santa Ana at (714) 558-4434.

(Original signed by Margaret Varho)

Margaret A. Varho, Chief
Audits Section—Santa Ana
Financial Audits Branch

Certified

cc: Maribel Soller, Manager
Government Programs
Tenet Healthcare Corporation
11620 Wilshire Boulevard
Suite 875
Los Angeles, CA 90025

RATE DEVELOPMENT WORKSHEETS

PROVIDER: FOUNTAIN VALLEY REGIONAL MEDICAL CENTER
PROVIDER NO. ZZT 30570F
FISCAL PERIOD: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007
CONTRACT PERIOD: N/A

	Noncontract Cost Settlement	Medi-Cal For Contract Services	Medi-Cal Total For Fiscal Period
<u>ACUTE CARE ONLY*</u>			
A. Medi-Cal Net Cost of Covered Services Plus Hospital-Based Physician Costs, Excluding Return on Equity (Adj. 1)	\$ 15,655,963	\$	\$ 15,655,963
B. Deductibles and Coinsurance (Third Party Liability) (Adj. 2)	\$ 89,752	\$	\$ 89,752
C. Medi-Cal Inpatient Days (Adj. 3-6)			
1. Routine (Adults & Pediatrics)	4,858		4,858
2. ICU	458		458
3. CCU			
4. Nursery	2,179		2,179
5. NICU	2,775		2,775
6. Other (Specify)			
a.			
b.			
D. Total Hospital Discharges ** (Adj.)	16,935	N/A	16,935
E. Total Medi-Cal Discharges** (Adj. 7)	1,664		1,664
F. Total Medi-Cal Inpatient Charges (Adj. 8)	\$ 63,057,437	\$	\$ 63,057,437

(The previous Section D. Average Per Diem was eliminated. This information is not needed by RDB and has been removed from the Rate Development Branch Schedules that are sent by ARAS to the provider for completion.)

* Do not include data for NF or Administrative Days.

** Do not include newborns that were born in the hospital.

RATE DEVELOPMENT WORKSHEETS

PROVIDER: FOUNTAIN VALLEY REGIONAL MEDICAL CENTER
PROVIDER NO. ZZT 30570F
FISCAL PERIOD: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007
CONTRACT PERIOD: N/A

A. EXPENSE PASS-THROUGH DATA		<u>REFERENCE</u>		
1.	Depreciation Expense:	8810 - 8813, and/or .71, .72, .73 and .74 (Adj. 9)	\$	6,175,310
2.	Rent and Lease Expense:	8820, and/or .75 and .76	\$	5,501,293
3.	Interest Expense:	8860, 8870	\$	397
4.	Property Taxes and License Fees:	8850 and/or .83	\$	1,156,459
5.	Utility Expense:	.77, .78, .79, and .80	\$	1,787,903
6.	Malpractice Insurance Expense:	8830 and/or .81	\$	3,663,282
B. GROSS OPERATING EXPENSES		W/S A, line 101, col. 3	\$	230,863,371
C. STUDENT AND PHYSICIANS COMPENSATION				
1.	Salaries and Wages (include benefits)	.07, 8210.09 - 8290.09	\$	0
2.	Professional Fees	.20	\$	2,130,499
D. PHARMACY NONLABOR EXPENSES		8390.37 and 8390.38 (Adj. 10)	\$	9,961,600
E. FOOD SERVICES NONLABOR EXPENSES		8320, 8330 and 8340 and/or .42 and .43	\$	1,197,368
F. DIRECT OPERATING COSTS				
1.	Salaries and Wages	.00 - .09, .91, .95	\$	95,109,019
2.	Employee Benefits	.10 - .19, .92, .96	\$	28,337,436 (was Sch 10, line 5, cc
3.	Other Professional Fees	.21 - .29	\$	1,223,044
4.	Purchased Services	.61 - .69 (Adj. 11)	\$	25,032,010
5.	Supplies	.31 - .36, .93, .97 (Adj. 12)	\$	37,308,119
6.	Other Direct Operating Expense	.85 - .90 (Adj. 13)	\$	12,279,632

RATE DEVELOPMENT WORKSHEETS

pl. 3)

RATE DEVELOPMENT WORKSHEETS

PROVIDER: FOUNTAIN VALLEY REGIONAL MEDICAL CENTER
PROVIDER NO. ZZT 30570F
FISCAL PERIOD: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007
CONTRACT PERIOD: N/A

A. DIRECT PAYROLL COSTS (Totals)		<u>REFERENCE</u>	
1.	Management and Supervision		
a.	Productive Salaries	.00	\$ 6,065,326
b.	Productive Hours		137,522
2.	Technicians and Specialists		
a.	Productive Salaries	.01	\$ 15,012,786
b.	Productive Hours		468,453
3.	Registered Nurses		
a.	Productive Salaries	.02	\$ 41,914,373
b.	Productive Hours		945,987
4.	Licensed Vocational Nurses		
a.	Productive Salaries	.03	\$ 696,091
b.	Productive Hours		32,702
5.	Aides and Orderlies		
a.	Productive Salaries	.04	\$ 2,233,969
b.	Productive Hours		145,401
6.	Physicians (Salaried)		
a.	Productive Salaries	.07	\$ 4,752
b.	Productive Hours		182
7.	Nonphysician Medical Practitioners		
a.	Productive Salaries	.08	\$ 84,415
b.	Productive Hours		1,909
8.	Environmental and Food Services		
a.	Productive Salaries	.06	\$ 633,920
b.	Productive Hours		26,287
9.	Clerical and Other Administrative		
a.	Productive Salaries	.05	\$ 9,548,257
b.	Productive Hours		499,844
10.	Other Salaries and Wages		
a.	Productive Salaries	.09	\$ 0
b.	Productive Hours		0
11.	All Nonproductive Salaries and Wages		
a.	Productive Salaries	Labor Distribution	\$ 16,111,455
b.	Productive Hours	Report or Provider W/P	355,710
B. SUBTOTALS DIRECT PAYROLL COSTS			
1.	Productive Salaries (lines 1a - 10a)		\$ 76,193,889
2.	Productive Hours (lines 1b - 10b)		<u>2,258,287</u>
C. TOTAL PRODUCTIVE AND NONPRODUCTIVE SALARIES (11a + B1)			<u>\$ 92,305,344</u>
D. TOTAL PRODUCTIVE AND NONPRODUCTIVE HOURS (11b + B2)			<u>2,613,997</u>

Provider: FOUNTAIN VALLEY REGIONAL MEDICAL CENTER			Provider No. ZZT 30570F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007	No. of Adjs: 13
Report Reference			Explanation of Audit Adjustments	Reported	Increase (Decrease)
Adj. No.	Form	Page Line			
			<u>ADJUSTMENTS TO RATE DEVELOPMENT WORKSHEETS</u>		
1	A&I-2	1 A	Medi-Cal Net Cost of Covered Services - Noncontract	\$ 15,510,857	\$ 145,106
2	A&I-2	1 B	Deductibles and Coinsurance - Noncontract	\$ 88,243	\$ 1,509
3	A&I-2	1 C-1	Medi-Cal Inpatient Days - Adults and Peds - Noncontract	4,748	110
4	A&I-2	1 C-2	Medi-Cal Inpatient Days - ICU - Noncontract	539	(81)
5	A&I-2	1 C-4	Medi-Cal Inpatient Days - Nursery - Noncontract	2,159	20
6	A&I-2	1 C-5	Medi-Cal Inpatient Days - NICU - Noncontract	2,634	141
7	A&I-2	1 E	Total Medi-Cal Discharges - Acute - Noncontract	1,595	69
8	A&I-2	1 F	Total Medi-Cal Inpatient Charges - Noncontract	\$ 58,650,170	\$ 4,407,267
9	A&I-2	2 A-1	Depreciation Expense	\$ 5,718,624	\$ 456,686
10	A&I-2	2 D	Pharmacy Nonlabor Expense	\$ 8,924,805	\$ 1,036,795
11	A&I-2	2 F-4	Direct Operating - Purchased Services	\$ 25,032,407	\$ (397)
12	A&I-2	2 F-5	Direct Operating - Supplies	\$ 26,565,899	\$ 10,742,220
					\$ 15,655,963
					\$ 89,752
					4,858
					458
					2,179
					2,775
					1,664
					\$ 63,057,437
					\$ 6,175,310
					\$ 9,961,600
					\$ 25,032,010
					\$ 37,308,119

AUDIT ADJUSTMENTS

Provider: FOUNTAIN VALLEY REGIONAL MEDICAL CENTER				Provider No. ZZT 30570F	Fiscal Period: JANUARY 1, 2007 THROUGH DECEMBER 31, 2007		No. of Adj.: 13
Report Reference							
Adj. No.	Form	Page	Line	Explanation of Audit Adjustments		Reported	Increase (Decrease)
13	A&I-2	2	F-6	Other Direct Operating Expense		\$ 0	\$ 12,279,632

To adjust the Rate Development Worksheets to agree with audit adjustments
and/or Provider records.
Title 22, CCR, Section 51536

**FINANCIAL AUDITS BRANCH
DETERMINATION OF MEDI-CAL DISCHARGES**

PROVIDER	PROVIDER NO.	FPE
FOUNTAIN VALLEY REGIONAL MEDICAL CENTER	ZZT 30570F	DECEMBER 31, 2007

SOURCE: Paid Claims Detail Report (SU-0-140)

MONTH/YR	RUN PAGE NUMBER	TOTAL LINES	ADJUSTMENTS						ADJUSTED TOTAL
			NURSERY	DB & CR ENTRIES	ZERO DAYS	30 & 31 CODES	"V" CODE	OTHER (ADMIN)	
01/07	N/A	147	1			10			136
02/07	N/A	132	2	2		7			121
03/07	N/A	156	3			7	4	1	141
04/07	N/A	137	1	2		8	12		114
05/07	N/A	142	1	11		8	2		120
06/07	N/A	161	5	9		16	8		123
07/07	N/A	198	4	3		22	10		159
08/07	N/A	187	3	4	1	12	14		153
09/07	N/A	171	1	10		17	8		135
10/07	N/A	226	2	8		21	34	1	160
11/07	N/A	215	3	14		22	24		152
12/07	N/A	184	1	3		25	5		150
TOTALS			27	66	1	175	121	2	1,664